

## Guilty in Hawaii Investor Fraud

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HONOLULU, Oct. 22 — Ronald Rewald, an investment counselor who said his firm was connected with the Central Intelligence Agency, was found guilty Monday on 94 felony counts of fraud, perjury and embezzlement.

Federal prosecutors said more than 400 investors had lost a total of \$22 million in a scheme in which some investors were paid with funds raised from other investors while Mr. Rewald used the excess money to support his extravagant way of life.

One prosecutor, John Peyton, said, "Justice has prevailed." He indicated more charges might be forthcoming. A Federal grand jury now is in session in Honolulu.

Mr. Rewald's chief defense attorney, Michael Levine, said the verdict would be appealed.

The case took 11 weeks and involved more than 130 witnesses and 2,000 exhibits. The jury returned the verdicts after two and a half days of deliberations, finding him guilty of the 94 counts and not guilty of 4 misdemeanor counts.

Mr. Rewald faces a maximum prison term of 400 years. Sentencing is scheduled for Dec. 9.

The defense contended that the Central Intelligence Agency had engaged Mr. Rewald to help establish false identities for its clandestine agents overseas. According to this theory, the agents would say they were employed by Mr. Rewald's firm, Bishop, Baldwin, Rewald, Dillingham & Wong, or

two other concerns he established.

To further the charade, the defense said, the agency wanted Mr. Rewald to use the investors' money to become a friend of such figures as the Sultan of Brunei, the Filipino business executive Enrique Zobel and others in the world of international finance and government. The agency denied this.

Mr. Rewald owned several automobiles, including a Rolls-Royce, and had expensive houses in Hawaii, a ranch, a polo club and several polo ponies.

One document introduced as evidence showed that the agency had sent Mr. Rewald three possible stories to use in case the Internal Revenue Service questioned him about his firm.

Mr. Peyton, an assistant United States attorney, said in the prosecution's summation that Mr. Rewald had used the stories to delay an inquiry by the tax agency into his finances.

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